

Message Text

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PAGE 01 SEOUL 07075 101112Z

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DEPT PASS ERDA GERMANTOWN

TOKYO FOR ERDA HENOCH

EO 11652: GDS

TAGS: ETRD, ENRG, MNUC, KS

SUBJECT: KOREAN COMMERCIAL INTEREST IN REGIONAL NUCLEAR
FUEL CYCLE FACILITY

SUMMARY: IN EARLY SEPTEMBER, 1975 SOUTH KOREAN PRIVATE
INDUSTRY REP BRIEFED AMBASSADOR ON TENTATIVE PLAN OF
FIRM TO ENTER INTO REGIONAL NUCLEAR FUEL CYCLE JOINT
VENTURE WITH U.S. AND JAPANESE FIRMS. AMB EXPLAINED
ECONOMIC AND TECHNICAL PROBLEMS INVOLVED WITHOUT WHOLLY
DISCOURAGING REGIONAL APPROACH OUTLINED. KOREAN FIRM
SOUGHT APPOINTMENTS WITH U.S. GOVERNMENT AND INDUSTRY
OFFICIALS IN WASHINGTON IN LATE SEPTEMBER. ACTION
SUGGEST APPOINTMENTS WITH APPROPRIATE US GOVERNMENT
OFFICIALS AND INDUSTRY INTRODUCTIONS IF POSSIBLE. END SUMMARY.

1. ON SEPTEMBER 5, 1975 REPUBLIC OF KOREA (ROK) SAMSUNG
BUSINESS GROUP PRESIDENT LEE UN-TAEK MET WITH AMBASSADOR
TO BRIEF EMBASSY ON SAMSUNG'S AMBITION TO PLAY KEY ROLE
IN ORGANIZING A TRINATIONAL (U.S.-R.O.K.-JAPAN) FUEL
CYCLE FACILITY COMMERCIAL VENTURE AND TO SOLICIT U.S.

CONFIDENTIAL

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PAGE 02 SEOUL 07075 101112Z

GOVERNMENT AND INDUSTRY COMMENTS ON COMMERCIAL PRACTICAL-

ITY AND POLITICAL FEASIBILITY OF SUCH A FACILITY. PRESIDENT LEE STATED THAT SAMSUNG GROUP CHAIRMAN LEE PYONG-CHUL HAD RECENTLY RETURNED FROM JAPAN WHERE BUSINESS LEADERS IN NUCLEAR FIELD HAD STRONGLY ENCOURAGED LEE AND SAMSUNG TO TAKE LEAD IN ASSEMBLING COMMERCIAL VENTURE TO HANDLE NUCLEAR FUEL NEEDS OF EASTASIAN NATIONS BEGINNING IN 1980'S. PRESIDENT LEE STATED THAT SAMSUNG'S INITIAL FEASIBILITY STUDY HAD BEEN ENCOURAGING AND THAT GROUP NOW PLANNED TO PUT TOGETHER AN INTERNATIONALLY-SAFE-GUARDED TRI-NATIONAL JOINT VENTURE OF PRIVATE FIRMS. THIS ACTIVITY WOULD OBVIOUSLY REQUIRE THE SUPPORT OF THE FIRMS' RESPECTIVE GOVERNMENTS. THE VENTURE WOULD REQUIRE, ACCORDING TO LEE, AN INITIAL OUTLAY OF \$30-40 MILLION FOR THE FIRST STAGE (FUEL FABRICATION FACILITY) AND WOULD BE EXPANDED TO INCLUDE, BY THE MID-1980'S, A COMMERCIALLY-SIZED (1500 TON) REPROCESSING PLANT IF DEMAND PROMISED A REASONABLE PROFIT AND IF POLITICAL HURDLES COULD BE OVERCOME. PRESIDENT LEE STATED THAT JAPANESE NUCLEAR AND BUSINESS LEADERS WERE ADAMANT THAT NO COMMERCIAL FUEL CYCLE FACILITY WOULD BE POSSIBLE IN JAPAN (FOR POLITICAL, ENVIRONMENTAL, GEOGRAPHIC REASONS) AND THAT JAPANESE BUSINESS LEADERS WOULD BE WILLING TO SUPPORT AND INVEST IN A SAMSUNG-LED PROJECT LOCATED OUTSIDE JAPAN.

2. SAMSUNG NEXT WISHES CONTACT WITH U.S. GOVERNMENT (TO EXPLAIN THE PROJECT AND SECURE ASSISTANCE) AND U.S. PRIVATE SECTOR (TO LOCATE A JOINT VENTURE PARTNER AND TECHNOLOGY). SAMSUNG APPARENTLY DOES NOT PLAN TO APPROACH THE ROK GOVERNMENT UNTIL IT HAS COMPLETED ITS INITIAL SURVEY. PRESIDENT LEE CONCLUDED BY REQUESTING ASSISTANCE IN ARRANGING APPOINTMENTS FOR HIM WITH U.S. (ERDA) NUCLEAR AND GOVERNMENT OFFICIALS AS APPROPRIATE AND INTRODUCTIONS TO U.S. COMMERCIAL FIRMS POSSIBLY INTERESTED IN JOINT VENTURE PROPOSAL. AMB EXPLAINED IN GENERAL TERMS ECONOMIC/TECHNICAL PROBLEMS INVOLVED IN REPROCESSING.

3. COMMENT: SAMSUNG'S APPROACH TO EMBASSY FOR ADVICE. AND ASSISTANCE IN ASSEMBLING A REGIONAL NUCLEAR FUEL JOINT VENTURE APPEARS TO BE A GENUINE ATTEMPT TO EXPLORE

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PAGE 03 SEOUL 07075 101112Z

A POSSIBLE U.S. COMMERCIAL ROLE, WITH USG SUPPORT, IN WHAT IS PERCEIVED TO BE AN EXCELLENT COMMERCIAL OPPORTUNITY FOR THE 1980'S AND '90'S. THE FACT THAT SAMSUNG HAS ELECTED NOT TO INFORM ITS GOVERNMENT OF ITS EXPLORATORY ACTIVITIES AND PRESIDENT LEE'S ASSERTION THAT SAMSUNG WANTS TO DIVORCE THE VENTURE FROM ANY POLITICAL ENTANGLEMENTS INDICATES THE FIRM'S NAIVETE AND INEXPERIENCE IN DEALING WITH THE NUCLEAR ISSUE. ON

THE OTHER SIDE OF BALANCE SHEET IS THE SOLID BUSINESS
AND FINANCIAL REPUTATION OF THE SAMSUNG BUSINESS GROUP
(KOREA'S LARGEST) AND ITS RECENT SUCCESS IN JOINT VENTURES
WITH U.S. FIRMS. PRESIDENT LEE PLANS TO ARRIVE IN
THE U.S. ON ABOUT SEPTEMBER 26. EMBASSY INDICATED THAT
WE WOULD LOOK INTO ARRANGING CONTACTS WITH INTERESTED
U.S. OFFICIALS WHO POSSIBLY COULD, IN TURN, REFER HIM
TO INTERESTED PRIVATE U.S. FIRMS. PLEASE ADVISE.
SNEIDER

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